

## Message Text

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PAGE 01 SINGAP 02750 200245Z  
ACTION EA-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 PA-01 /095 W  
-----129924 200614Z /10

R 200200Z JUN 78  
FM AMEMBASSY SINGAPORE  
TO SECSTATE WASHDC 538  
INFO AMEMBASSY BANGKOK  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY TOKYO

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E.O. 11652: N/A  
TAGS: ASEAN, ECIN, EGEN, EIND  
SUBJECT: SINGAPORE DIESEL PROJECT

REF: SINGAPORE 2577

1. USUALLY RELIABLE BUSINESS TIMES OF JUNE 19 REPORTS  
THAT SINGAPORE IS NOW CONSIDERING POSSIBILITY OF  
ESTABLISHING A DIESEL ENGINE PLANT OUTSIDE ASEAN  
INDUSTRIAL PROJECT FRAMEWORK. IT SAYS THAT NO PROGRESS  
WAS MADE AT PATTAYA MINISTERIAL MEETINGS TOWARD  
RESOLVING SINGAPORE-INDONESIA DIFFERENCES ON SIZE OF  
ENGINES THAT COULD BE BUILT IN ASEAN PROJECT PLANT,  
AND THAT THIS PROJECT IS NOW DEFINITELY SHELVED.  
SINGAPORE REPORTEDLY HAS NO ALTERNATIVE PROJECT IN  
MIND AND IS, IN FACT, PLANNING TO GO AHEAD  
INDEPENDENTLY WITH A JOINT VENTURE IN COLOR TV TUBES  
WITH HITACHI, EVEN THOUGH TV TUBES ARE UNDER  
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CONSIDERATION AS ONE OF SEVERAL "SECOND-LINE"  
ASEAN INDUSTRIAL PROJECTS.

2. BUSINESS TIMES SUGGESTS THAT IT IS NOW CERTAIN  
THAT SINGAPORE WILL TAKE NOMINAL ONE PERCENT SHARE  
IN OTHER FOUR ASEAN PROJECTS. IT QUOTES GOS  
SOURCES THAT STUDIES SHOW OVER-500 HP LIMITATION

WOULD MAKE DIESEL PLANT UNECONOMIC AND THAT THIS WOULD BE TRUE EVEN OF 200 HP LIMITATION. ARTICLE GOES ON TO QUESTION WHETHER SINGAPORE WILL NOW ACTIVELY PARTICIPATE IN ASEAN INDUSTRIAL COMPLEMENTATION SCHEME AT ALL.

3. COMMENT: IT STRIKES US AS JUST POSSIBLE THAT GOS IS RELIEVED AT NOT HAVING TO ESTABLISH AN "ASEAN" DIESEL PLANT. PRIME MINISTER LEE HAS IN THE PAST TOLD AMBASSADOR HOLDRIDGE THAT THE FIVE INDUSTRIAL PROJECTS WERE AGREED UPON TOO HASTILY AND QUESTIONED HOW WELL THEIR COMPLICATED FINANCIAL AND MANAGEMENT STRUCTURE WOULD WORK. ASSUMING THAT INDONESIANS DO NOT GIVE IN ON HORSEPOWER ISSUE, SINGAPORE NOW HAS EXCELLENT EXCUSE FOR NOT GETTING INVOLVED IN OTHER FOUR PROJECTS (APART FROM NOMINAL ONE PERCENT), AND THIS MAY PROVE BLESSING IN DISGUISE. SHOULD GOS NOW PROCEED WITH ITS OWN NON-ASEAN DIESEL PLANT, IT WOULD PRESUMABLY BE ABLE TO COMPETE WITH INDONESIAN PLANT ON EQUAL BASIS IN OTHER ASEAN COUNTRIES UNLESS THEY ACTUALLY ERECT DIFFERENTIAL TRADE BARRIERS, WHICH SEEMS UNLIKELY.

4. OTHER SIDE OF COIN IS THAT NON-PARTICIPATION IN ASEAN INDUSTRIAL PROJECT SCHEME HIGHLIGHTS SINGAPORE'S ODD-MAN-OUT SITUATION WITHIN ASEAN. LIMITED OFFICIAL USE

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GOS HAS ON OTHER ISSUES BEEN CAREFUL TO DOWNPLAY ITS SPECIAL SITUATION AND TO STRESS NEED FOR ASEAN ABOVE NATIONAL INTERESTS. IT IS CLEARLY NOT WILLING, HOWEVER, TO BUILD A PLANT THAT WOULD NOT BE PROFITABLE EVEN FOR SAKE OF ASEAN SOLIDARITY.

5. WE HAVE NO REAL IDEA OF HOW DIESEL AFFAIR WILL COME OUT, ALTHOUGH BETTING IS THAT SINGAPORE WILL EVENTUALLY GO AHEAD ON ITS OWN. QUESTION OF OPTING OUT OF ASEAN ECONOMIC SCHEMES COULD ARISE IN OTHER AREAS; E.G., ADOPTION OF GUIDELINES FOR INDUSTRIAL COMPLEMENTATION, WHICH GOS HAS OPPOSED. GOS'S VERY LIBERAL TRADE AND INVESTMENT POLICIES HAVE WORKED WELL, AND IT WILL NOT BE WILLING TO CHANGE THEM MUCH IN RESPONSE TO OTHER ASEAN COUNTRIES' MORE NATIONALIST AND PROTECTIONIST ATTITUDES. WE BELIEVE THAT GOS'S PRINCIPAL INTEREST IN ASEAN IS IN ITS POTENTIAL FOR INCREASING REGION'S POLITICAL STABILITY AND AVOIDING POLITICO-ECONOMIC ISOLATION OF SINGAPORE. QUESTION IS EXTENT TO WHICH GOS CAN SUBLIMATE ITS ECONOMIC INTERESTS, IN CASES WHERE THEY RUN COUNTER TO THOSE OF OTHER ASEAN COUNTRIES, TO PRESERVE ITS POLITICAL INTERESTS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRIAL PLANTS, DIESEL ENGINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SINGAP02750  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780256-0230  
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**Litigation History:**  
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**Message ID:** fb9a4685-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 SINGAPORE 2577  
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**Review Content Flags:**  
**Review Date:** 01 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
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**SAS ID:** 2279102  
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**Status:** NATIVE  
**Subject:** SINGAPORE DIESEL PROJECT  
**TAGS:** ECIN, EGEN, EIND, ASEAN  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014